

Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 SS-15 SP-02 INR-10 PM-05 NSCE-00

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DRAFTED BY DOD/DSAA TTYLER

APPROVED BY NEA:NAVELIOTES

EA/EGY:DZWEIFEL

DOD/DSAA:EVONMARBOD

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PM:DKEENE

DOD/ISA/NESA:GWILSON

-----072841 190610Z /17-S

O R 190206Z APR 78

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO IMMEDIATE

INFO USDAO CAIRO

SECDEF WASHDC

USCINCEUR VAIHINGEN GE

CSAF WASHDC

AFAFC DENVER CO/SAAC/

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E.O. 11652: GDS

TAGS: MASS, EG, US

SUBJECT: PEACE PYRAMID II: FUNDING FOR EGYPTIAN C-130

PROGRAM.

REF: (A) SECDEF MSG 5727 DTG 17L654Z MAR 78; (B) CAIRO
10764 (NOTAL)

1. IT IS CLEAR THAT GOE HAS A PROBLEM IN FUNDING THE
SECOND PAYMENT FOR PEACE PYRAMID II. HOWEVER, DOD AND AIR
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FORCE FACE A PROBLEM WITH RESPECT TO IMPLEMENTING THE PROGRAM UNLESS FUNDING IS IMMEDIATELY FORTHCOMING. PEACE PYRAMID II ACCOUNT IS VIRTUALLY DEPLETED. MANUFACTURER IS PRESSING FOR ADDITIONAL PROGRESS PAYMENTS. IT IS IMPERATIVE THAT APRIL 1978 PAYMENT FOR \$33.7M, (ASSOCIATED WITH ACCELERATED DELIVERY FOR FOUR AIRCRAFT IN 1978) BE MADE IMMEDIATELY. OPTION DISCUSSED IN PARAGRAPH 4 OF REFERENCE

A IS NO LONGER AVAILABLE. DOD HAS BEEN INFORMED BY LOCK-HEED THAT THERE IS NO POSSIBILITY OF OBTAINING DELIVERIES OF A C-130 AS EARLY AS AUGUST.

2. REFERENCE B INDICATED THAT GOE WOULD PREFER DELIVERY OF EIGHT AIRCRAFT IN 1978, BUT IF NOT FEASIBLE WOULD OPT FOR DELIVERY OF FOUR AIRCRAFT (PERTINENT DELIVERY/PAYMENT SCHEDULE OPTION DISCUSSED PARA 3, REFERENCE B). DOD IS NOW PROCEEDING ON ASSUMPTION THAT THIS IS FIRM DECISION OF GOE/EAF, AND APRIL PAYMENT OF \$33.7M WHICH MUST ARRIVE AT THE SECURITY ASSISTANCE ACCOUNTING CENTER IN DENVER PRIOR TO 30 APRIL 1978, IS GEARED TO THIS PROGRAM.

3. PEACE PYRAMID II ACCOUNT HAS ONLY \$197,000 REMAINING AS OF APRIL 18. SAAC/DENVER REPORTED APRIL 18 THAT ONE OF CONTRACTORS HAS SUBMITTED \$850,000 BILL, FUNDS FOR WHICH ARE NOT AVAILABLE. EVEN AFTER BALANCING ALL CASH FLOW REQUIREMENTS AGAINST TOTAL RECEIPTS FROM ALL SOURCES FOR EGYPT, FINANCIAL POSITION OF EGYPTIAN PROGRAM IS SUCH THAT AIR FORCE SHOULD BE CONSIDERING CONTRACT TERMINATION IMPLICATIONS. IT IS WIDELY RECOGNIZED HERE THAT CONTRACT TERMINATION IS NOT PALATABLE. IT SHOULD BE EQUALLY WELL UNDERSTOOD BY GOE/EAF THAT WE CANNOT PROCEED WITH PROGRAM IMPLEMENTATION IN ABSENCE OF FUNDING.

4. REQUEST ADVISE ASAP SOURCE AND TIMING OF NEXT GOE
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PAYMENT OF \$33.7 MILLION ON PEACE PYRAMID II. BY SEPARATE CORRESPONDENCE USAF IS BEING TASKED TO AMEND PEACE PYRAMID II LOA TO REFLECT ACCELERATED DELIVERY FOR FOUR AIRCRAFT IN 1978 AND PAYMENT SCHEDULE DISCUSSED IN PARAGRAPH 3, REFERENCE A.

5. THIS MESSAGE COORDINATED WITH DOD. CHRISTOPHER

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NNN

Message Attributes

Automatic Decaptoning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
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Draft Date: 19 apr 1978
Decapton Date: 01 jan 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
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